

With hopes rapidly fading for a new Farm Bill before the current one expires at the end of September, dairy policy leaders in the U.S. Senate and U.S. House -- led by Senator Patrick Leahy (D-Vt.) and Representative Peter Welch (D-Vt.) and joined by Senator Bernie Sanders (I-Vt.) -- are pushing for a temporary fix for the dairy safety net until the new dairy program that is included in both the Senate and House versions of the Farm Bill becomes law and can be put in place by the U.S. Department of Agriculture (USDA).

The Senate and House Farm Bills both would end the Milk Income Loss Contract (MILC) program and replace it with a new insurance program for the nation's dairy farmers to discourage oversupply of milk. The new approach would help break the harmful cycle of rollercoaster milk prices, when supply and demand get too far out of synch. The new Farm Bill was to have been enacted by the time current farm programs expire on Sept. 30. But with only days to go until the deadline, the House has yet to act on its version of a new Farm Bill. The Senate passed its version on June 21, with a strong bipartisan vote of 64 to 35.

Meanwhile, parts of the MILC program changed on Sept. 1 and will result in coverage levels so low that the program is not expected to be triggered even in these times of high feed prices, leaving individual dairy farmers with no safety net. With drought-related feeds costs soaring, this new gap in coverage threatens to leave dairy producers in the lurch until a new Farm Bill is enacted. Even a straight extension of the current Farm Bill would still leave MILC program rates at the lower level. According to dairy economists, this decline in the MILC feed cost adjuster would prevent the program from providing any support to the nation's dairy farmers, despite soaring feed costs caused by the nation's crippling drought.

The bipartisan, bicameral letter to House and Senate leaders, signed by 60 lawmakers in all, was initiated by Leahy and Sen. Olympia Snowe (R-Maine) in the Senate, and by Welch and Rep. Reid Ribble (R-Wis.) in the House. In their letter the lawmakers urge that until a new Farm Bill has been enacted and USDA has a dairy program in place, offsets be found to maintain the MILC program at its previous coverage levels for the duration of any extension of current policy. The legislative vehicle for this remedy could be a short-term extension of the current Farm Bill, or a drought disaster relief bill, or other legislation.

Senators signing the letter are: Sens. Patrick Leahy (D-Vt.), Olympia Snowe (R.-Maine), Herb Kohl (D-Wis.), Joseph Lieberman (I-Conn.), Bernie Sanders (I-Vt.), Sherrod Brown (D-Ohio), Al Franken (D-Minn.), Robert Casey, Jr. (D-Pa.), Jack Reed (D-R.I.), Kirsten Gillibrand (D-N.Y.), Susan Collins (R-Maine), Jeanne Shaheen (D-N.H.), Ron Wyden (D-Ore.), Richard Blumenthal (D-Conn.), Barbara Mikulski (D-Md.), Scott Brown (R-Mass.), John Kerry (D-Mass.), Benjamin Cardin (D-Md.), Kelly Ayotte (R-N.H.), Claire McCaskill (D-Mo.), Amy Klobuchar (D-Minn.), Kent Conrad (D-N.D.), and John Hoeven (R-N.D.).

Representatives signing the letter are: Reps. Peter Welch (D-Vt.), Reid Ribble (R-Wis.), Chris Gibson (R-N.Y.), John Olver (D-Mass.), Glenn Thompson (R-Pa.), Bill Owens (D-N.Y.), Bob Gibbs (R-Ohio), Joe Courtney (D-Conn.), Thomas Petri (R-Wis.), Maurice Hinchey (D-N.Y.), Richard Hanna (R-N.Y.), Tim Holden (D-Pa.), Jo Ann Emerson (R-Mo.), Sean Duffy (R-Wis.), Tammy Baldwin (D-Wis.), Chellie Pingree (D-Maine), Paul Tonko (D-N.Y.), Ron Kind (D-Wis.), Jim McGovern (D-Mass.), Kathy Hochul (D-N.Y.), Allyson Schwartz (D-Pa.), Michael Michaud (D-Maine), Jim Langevin (D-R.I.), Charles Bass (R-N.H.), Ed Whitfield (R-Ky.), Raul Grijalva (D-Ariz.), Ann Marie Buerkle (R-N.Y.), Jason Altmire (D-Pa.), Bill Shuster (R-Pa.), Louise Slaughter (D-N.Y.), Vicky Hartzler (R-Mo.), Chris Murphy (D-Conn.), Todd Platts (R-Pa.), Tim Murphy (R-Pa.), Tom Latham (R-Iowa), Leonard Boswell (D-Iowa), and Tim Walz (D-Minn.).

The text of the letter follows:

September 13, 2012

The Honorable Harry Reid

The Honorable John Boehner

Majority Leader

Speaker

United States Senate

U.S. House of Representatives

S-221, The Capitol

H-232, The Capitol

Washington, DC 20510

Washington, DC 20515

Dear Majority Leader Reid and Speaker Boehner:

Given the mounting challenges facing our nation's dairy farmers, we write to bring a matter of particular concern to your attention.

On September 1, 2012, the Milk Income Loss Contract program, which has provided a vital safety net to dairy farmers across the country during times of low milk prices and high input costs, began to provide coverage at a reduced level. The level of coverage is so low that the program is not expected to be triggered even in these times of high feed prices. Most concerning to us is the change in the program's feed cost adjuster, which was created in the 2008 Farm Bill to address volatile swings in feed prices. This change in particular has put our farmers at far greater risk as this year's drought continues to impact much of the country and drive up the cost of feed. In addition, instead of offering dairy farmers coverage at 45 percent of the difference between the target price and the actual price, the program now only provides coverage at 34 percent of this difference. The program's volume cap has also declined, falling from 2.985 million to 2.4 million pounds per dairy farmer

We understand that the Senate-passed Farm Bill and the House Agriculture Committee's Farm Bill both move to eliminate the MILC program in favor of a new policy. However, until a new Farm Bill has been enacted and USDA has a dairy program in place, we urge you to find the necessary offsets to maintain the MILC program at its previous coverage levels for the duration of any extension of current policy. Dairy farmers across the country have benefited from the MILC program during difficult times and we fear that failure to maintain the program at its previous levels will saddle dairy farmers with significant risks as their feed prices continue to skyrocket.

Thank you for your consideration of our request. We stand ready to work with you to address this critical issue for our nation's dairy farmers.

Sincerely,

(signed by 60 members of the Senate and House)